

**BYLAWS OF ALAMEDA'S COOPERATIVE
HOT SPRINGS RETREAT AND GUEST HOUSE**

ARTICLE 1:

OFFICES AND POWERS

Section 1: **Offices.** The principal office of Alameda's Cooperative Hot Springs Retreat and Guesthouse (the "Cooperative," the "Cooperative Association" or the "Cooperative") shall be located at 308 Spring Street in **Hot Springs, Montana**. The Cooperative Association may have such additional offices as the Board of Directors may from time to time determine to be necessary or desirable.

Section 2: **Powers.** The Cooperative shall have the power to purchase, lease, or otherwise acquire land in Sanders County, alter the land, and to locate dwellings and other buildings, facilities, and improvements thereon. It shall have the power to manage such property and to do any and all things necessary or convenient for the fulfillment of the purpose of the Cooperative.

ARTICLE 2:

SHAREHOLDERS

Section 1: **Obligations.** Subject to approval by the Board of Directors, and to policies and regulations adopted by the Board with regard to designating the Cooperative property as senior housing, any person or persons may become a shareholder in the Cooperative by submitting an application to the Board of Directors of the Cooperative, and if accepted as a shareholder, by purchasing one share of common stock. Each applicant must: (A) agree to purchase a share of common stock; (B) agree to execute an Occupancy Agreement with the Cooperative entitling the shareholder to occupy an individual unit of the Cooperative (the "Dwelling Unit"); (C) agree to comply with and be bound by the Articles of Incorporation, Bylaws, the Occupancy Agreement and any amendment thereto, the senior housing rules and such House Rules and Regulations as may from time to time be adopted by the Board of Directors; and (D) agree to be personally liable for all assessments, including the Cooperative Fee, as defined herein. No shareholder may avoid liability for any assessment by waiver, non-use or abandonment of any right or real estate.

Section 2: **First Meeting/Annual Meeting.** As soon as the initial offering of shares of the common stock have been subscribed, the commissioners shall convene a meeting of the subscribers for the purpose of electing directors, adopting these Bylaws, and transacting other business properly before them. Notice of the meeting must be given to each subscriber by mailing the notice, properly addressed, at least 10 days before the meeting. The notice must contain the object, time, and

place of the meeting. Thereafter, the annual meeting of the shareholders will be held in the month of **September** of each year, on a date fixed by the directors, beginning with the year, **2015** for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting is a legal holiday, such meeting shall be held on the next succeeding business day. If the election of Directors is not held on the day designated for the annual meeting of shareholders, or any adjournment, the Board of Directors shall cause the election to be held at a special shareholders meeting as soon as convenient.

Section 3: **Special Meetings**. The Board President or the Directors may call a special meeting of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute. The president shall call a special meeting at the request of any two shareholders.

Section 4: **Place of meeting**. The Board of Directors may designate any place, either within or without the State of Montana, as the place of meeting for any annual or special meeting. If no designation is made, the place of meeting shall be the principal office of the Cooperative Association in the state of Montana.

Section 5: **Notice of meeting**. Written or printed notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 7 nor more than 30 days before the date of the meeting, either personally or by mail, email or other form of electronic communication, by or at the direction of the president, vice president or secretary, or the persons otherwise calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at the shareholder's address as it appears on the stock transfer books of the Cooperative Association, with postage prepaid.

Section 6: **Quorum**. A majority of the outstanding common shares of the Cooperative Association entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the shareholders. If less than a majority of such outstanding shares is represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum is present or represented, the shareholders may conduct any business that they could have transacted at the meeting as originally notified.

Section 7: **Voting of shares**. Each outstanding common share entitled to vote shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. Unless a greater percentage is required by these Bylaws or the Occupancy Agreement, a majority of the outstanding shares of the Association entitled to vote, represented in person or by proxy at a meeting in which a quorum is present, shall be the act of the shareholders.

Section 8: **Ownership of shares**. Except as set forth in this Section and in Article 7 Section 7, no share shall be owned by any person who does not meet the definition of tenant-stockholder

under IRC Section 216. If more than one individual wish to jointly purchase a share, those individuals shall designate one individual who is entitled to cast the vote associated with the share. Ownership of shares by a trust, company, corporation or other entity is subject to approval by the Board, and the Board may condition such approval on execution of a personal guarantee, occupancy designation agreement, and any other conditions reasonably related to the approval of an entity shareholder.

Section 9: **Voting by mail.** At any regularly called general or special meeting of the shareholders of the Cooperative Association, a written vote received by mail from any absent shareholder(s) and signed by such shareholder(s) may be read in such meeting and shall be equivalent to a vote of each such shareholder so signing, providing such shareholder(s) has been previously notified in writing of the exact motion or resolution upon which such vote is taken and a copy of the same is attached to the vote so mailed by such shareholder(s).

Section 10: **Informal action of the shareholders.** Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

Section 11: **Rights of Shareholders.** Shareholders shall, in addition to all rights granted by law, have the right to: exclusive occupancy of a Dwelling Unit on real property owned by the Cooperative pursuant to the Occupancy Agreement; utilize the Cooperative common areas; and to vote at meetings of shareholders.

Section 12: **Non-Liability for Debts of the Cooperative.** Except as otherwise provided herein, no shareholder shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 13: **Additions, Alterations or Improvements by Shareholders.** Except as otherwise provided in the Occupancy Agreement, no shareholder shall make any addition, alteration or improvement in or to the property without the prior written consent of the Board. Prior written consent is not required for emergency repairs.

Section 14: **Special Decision Making voting by Shareholders** A super majority of 7 (seven) out of nine votes will be required to strip a tenant shareholder of their tenancy/occupancy right. A unanimous decision, 9 (nine) out of 9 (nine) votes is needed to dissolve and/ or sell the entire cooperative association.

ARTICLE 3:

BOARD OF DIRECTORS

Section 1: **General powers.** The Board of Directors shall manage the business and affairs of the Cooperative Association. All share members sit on the Board of Directors

Section 2: **Election, Number, tenure and qualifications.** The number of directors of the Cooperative Association shall be at least three (3). The initial number of directors is **four**. The directors shall be elected by majority vote of the shareholders. Each director shall hold office until the next annual meeting of the shareholders and until the director's successor is elected and qualified. The number of directors may be increased from time to time by amendment of the Bylaws, but no subsequent decrease shall have the effect of shortening the term of any incumbent director. Directors must be shareholders or representatives of shareholders who are not natural persons.

Section 3: **Regular meetings.** A regular meeting of the Board of Directors or any committee designated thereby shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of the shareholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Montana, for the holding of additional regular meetings without other notice than such resolution.

Section 4: **Special meetings.** Special meetings of the Board of Directors or any committee designated thereby may be called by or at the request of the president or by any other officer or director. The persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Montana, as the place for holding any special meeting of the Board of Directors so called.

Section 5: **Board of Director meetings by teleconferencing.** Shareholders of the Board of Directors, or any committee designated thereby, may participate in a regular or special meeting of such Board or committee by means of a conference telephone or other telecommunications equipment by which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting. Any such meeting of the Board of Directors or committee, utilizing conference telephone or other telecommunications equipment, may be held upon 24 hours oral notice to each director personally of the time and purpose of the meeting to be held by such means.

Section 6: **Notice.** Notice of any special meeting of the directors shall be given at least two days previous to the meeting by written notice delivered personally, mailed to each director at such director's business address. If mailed, such notice shall be deemed to be delivered three days after the date it is deposited in the United States mail so addressed, with postage prepaid. A director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such

meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors or any committee designated thereby need be specified in the notice or waiver of notice of such meeting.

Section 7: **Quorum**. A majority of the directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If less than such a majority is present, a majority of the directors present may adjourn the meeting without further notice.

Section 8: **Manner of acting**. Unless otherwise required by the Occupancy Agreement, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. For purposes of voting, each director shall have one vote at all meetings of the Board of Directors.

Section 9: **Removal of Directors**. All shareholders are members of the Board of Directors and can not be removed except by a unanimous vote.

Section 10: **Compensation**. The shareholders shall have the authority to fix the compensation of the directors, if any. A director may serve the Cooperative Association in any other capacity and receive compensation for such services.

Section 11: **Presumption of assent**. A director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken, shall be presumed to have assented to the action taken unless the director's dissent is entered in the minutes of the meeting or unless the director files a written dissent to such action with the person acting as secretary of the meeting, before the adjournment thereof, or forwards such dissent by certified U.S. mail to the secretary immediately after adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 12: **Informal Action by Directors**. Any action required to or that may be taken at a meeting of directors or of a committee, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors or all of the shareholders of the committee, as the case may be, entitled to vote on the subject matter thereof.

Section 13: **Rules**. The Directors shall adopt and revise House Rules and Regulations as deemed necessary for the efficient and effective operation of the property and for the safety, benefit and enjoyment of the shareholders. The Directors shall adopt rules and regulations designating the Dwelling Units as housing for persons aged 55 and older. The Board of Directors shall have power to make, adopt, and revise such other rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative, the Occupancy Agreement or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 14: **Annual Budget.** The Directors shall prepare and adopt an annual budget, in which there shall be established the annual Cooperative Fee for each Member.

Section 15 **Collection of Cooperative Fee.** The Directors shall collect the annual Cooperative Fee on a prorated monthly basis including the cost of collection together with reasonable attorney's fees and costs necessary thereto, deposit the proceeds in designated bank depositories and apply the Cooperative Fee to expenditures necessary to carry out the administration and operation of the Cooperative.

Section 16: **Reserves.** The Cooperative shall accumulate and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget that may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason the Board of Directors may at any time levy a further assessment, which shall be assessed against the shareholders in proportion to their ownership in the Association (i.e. if there are 9 shareholders, each share shall be assessed 1/9 of the assessment), and which shall be payable in a lump sum or in installments as the Board may determine.

Section 17: **Enforcement.** The Directors shall enforce by legal means the provisions of the Articles of Incorporation, these Bylaws, Occupancy Agreements, and the House Rules and Regulations.

Section 18: **Borrowing.** The Directors may borrow money on behalf of the Cooperative when required in connection with any instance relating to the operation, care, upkeep and maintenance of property or other needs of the Cooperative; provided, however, that the consent of a majority of votes represented by the shareholders at a meeting duly called and held for such purposes in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of \$10,000 in the aggregate during any one calendar year.

Section 19: **Additions, Alterations or Improvements by Board of Directors.**

Whenever in the judgment of the Board of Directors it is desirable to make additions, alterations or improvements to the property costing in the aggregate more than \$10,000 during any period of twelve consecutive months, the making of such additions, alterations or improvements shall be approved by a majority vote at a meeting of the Board of Directors.

ARTICLE 4:
OFFICERS

Section 1: **Number.** The officers of the Cooperative Association shall be a president and a vice-president, a secretary and a treasurer, all of whom shall be elected or appointed by the Board of Directors. Such other officers as may be deemed necessary may be elected or appointed by the Board of Directors. The same person may hold more than one office. All directors must be shareholders.

Section 2: **Election and term of office.** The officers of the Cooperative Association shall be elected annually at the annual meeting of the shareholders. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as is convenient.

Each officer shall hold office until a successor has been duly elected and qualified, until the officer's death, or until the officer resigns or is removed in the manner herein provided.

Section 3: **Removal.** Any officer or agent elected or employed by the Board of Directors may be removed, with or without cause, by the Board of Directors whenever, in its judgment, the best interests of the Cooperative Association would be served by such removal, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent or the designation of a specified term shall not of itself create contract rights.

Section 4: **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise shall be promptly filled by the Board of Directors for the unexpired portion of the term. Any officer may resign at any time by giving written notice of such resignation to the Board of Directors, the president or the secretary of the Cooperative Association. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or by such other officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 5: **President.** The president shall be the principal executive officer of the Cooperative Association and, subject to the control of the Board of Directors, shall supervise and control all of the business and affairs of the Cooperative Association. When present, the president shall preside at all meetings of shareholders and of the Board of Directors. The president may sign, with the secretary or other proper officer of the Cooperative Association authorized by the Board of Directors, certificates for shares of the Cooperative Association, deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except when the signing and execution shall be expressly delegated by the Board of Directors to some other party. In general, the president shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors.

Section 6: **VicePresident.** The vice-president, in the absence of the president, or in the event of the president's death, inability or refusal to act, shall perform the duties of president and, when so acting, shall have all of the powers of and be subject to all the restrictions on the president. The vice presi-

dent may sign, with the secretary, certificates of shares of the Cooperative Association, and shall perform such other duties as may be assigned to the vice-president by the President or the Board of Directors.

Section 7: **Secretary**. The secretary shall: (a) keep the minutes of shareholders and directors meetings; (b) see that notices are given as required by these bylaws or Montana law; (c) be the custodian of the corporate records and seal; (d) keep a register of the post office address of each shareholder; (e) with the president or vice president, sign certificates of shares, the issuance of which has been authorized by the Board of Directors; (f) have general charge of the stock transfer books and other books of the Cooperative Association; and (g) in general perform all duties incident to the office of secretary and such duties as may be assigned by the president or the Board of Directors. If required by the Board of Directors, the secretary shall give bond for the faithful discharge of duties.

Section 8: **Treasurer**. The treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source, and deposit all moneys in the corporation's name in banks, trust companies, or other depositories that the board shall select; and (c) in general perform all of the duties incident to the office of treasurer and any other duties that the president or board may assign to the treasurer. If required by the board of directors, the treasurer shall give a bond for the faithful performance of the treasurer's duties and as insurance against the misappropriation of funds; the bond shall be in a sum and with the surety or sureties that the board of directors shall determine.

Section 9: **Salaries**. The salaries of the officers, if any, shall be fixed from time to time by the shareholders.

ARTICLE 5:

INDEMNIFICATION OF DIRECTORS, OFFICERS AGENTS AND EMPLOYEES

The Cooperative Association may by Board resolution, elect to indemnify and advance expenses to any director, officer, employee, or agent of the Cooperative Association, to any extent consistent with public policy, except if such person: received a financial benefit to which they were not entitled; intentionally inflicted harm on the Association or the shareholders; made unlawful distributions in violation of Section 35-1-713, Montana Code Annotated; or intentionally violated of criminal law.

ARTICLE 6:

AGENTS, CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1: **Contracts**. The Board of Directors may authorize any officer or officers, agent or

agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Cooperative Association, and such authority may be general or confined to specific instances. In the absence of fraud, no contract or other transaction between the Cooperative Association and any other cooperative shall be affected by the fact that the officers or directors of this Cooperative Association also shall be officers or directors, or otherwise interested, in such other cooperative.

Section 2: **Loans.** No loans shall be contracted on behalf of the Cooperative Association and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3: **Checks, drafts, etc.** All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Cooperative Association shall be signed by such officers or agents of the Cooperative Association and in such manner as may be determined by resolution of the Board of Directors.

Section 4: **Deposits.** All funds of the Cooperative Association shall be deposited from time to time to the credit of the Cooperative Association in such banks or other depositories as the Board of Directors may select.

ARTICLE 7:

SHARE CERTIFICATES, TRANSFER AND RESTRICTIONS ON TRANSFER, DIVIDENDS

Section 1: **Certificates for issued shares.** Certificates representing shares of the Cooperative Association shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the president or vice president and by the secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the share is issued and date of issue, shall be entered on the stock transfer books of the Cooperative Association. No new certificates shall be issued until former certificates for a like number of shares shall have been surrendered and cancelled, except that in the case of a lost, destroyed or mutilated certificate, a new one may be issued upon such terms and indemnity to the Cooperative Association as the Board of Directors may prescribe. No certificate shall be issued for any share until such share is fully paid.

Section 2: **Transfer of shares.** No assignment or transfer of any share or shares of stock shall be made to any person who already owns stock, except by the consent of the Board of Directors. Stock may be assigned or transferred to the Cooperative Association at any time with the consent of the Board of Directors. Every assignment or transfer of stock on which there remains any unpaid fees or assessments shall be recorded in the books of the Cooperative Association, but no assignor or transferor shall be released from any such indebtedness by reason of any assignment or transfer of the shares of stock, but shall remain jointly liable therefore with the assignee or other transferee. In the

event of a share members death, the share will pass onto their heirs or estate. If the heir or estate is ineligible for residency (i.e. under 55 year of age) then the share will be consider an investor share or non-tenant share (see Article 2 Section 8). If a tenant share members has their occupancy rights terminated, they also will be consider an investor or non-tenant shareholder. Investor or non-tenant shareholders are still responsible for paying the monthly coop fee.

Section 3: **Right of First Refusal.** A shareholder may sell or otherwise transfer his or her share to any applicant who qualifies and has been conditionally approved as a shareholder of the Cooperative. However, if a shareholder desires to sell or transfer their shares, he or she shall notify the Cooperative in writing by certified mail of such intention. The notice shall include the name of the prospective purchaser, and the price and terms of the purchase. The Cooperative shall have the option to purchase the shareholder's stock for the price and terms offered by the potential purchaser. The Cooperative shall exercise this option by notifying the selling shareholder, in writing, of its intent to exercise this option, within 30 days after giving of notice by the selling shareholder. If the Cooperative fails to exercise its option before the expiration of the 30 day notice period, it waives its right to purchase the stock. When the prospective new shareholder has been approved by the Board of Directors, and has executed an Occupancy Agreement, the retiring shareholder shall be released of his or her obligations provided he or she has paid all amounts due to the Cooperative to date.

Section 4: **Patronage Dividend or Patronage Refund.** The Board of Directors of the Cooperative Association shall pay a patronage dividend and or refund to shareholders of the Cooperative Association as follows: A patronage dividend is defined as an amount paid to a patron (shareholder) by a cooperative organization on the basis of quantity or value of business done with or for such patron, under a valid enforceable written obligation of such organization to the patron to pay such amount, and which is determined by reference to the net earnings of the cooperative organization from business done with or for its patrons. Net earnings, for purposes of this section includes the excess of amounts retained (or assessed) by the organization to cover expenses or other items over the amount of such expenses or other items. Each person who hereafter applies for and is accepted as a shareholder in this Cooperative shall, by such act alone, consent that the amount of any distributions with respect to his patronage which are made in written notices of allocation (as defined in [26 U.S.C. 1388](#)) and which are received by him from the Cooperative, will be taken into account by him at their stated dollar amounts in the manner provided in [26 U.S.C. 1385\(a\)](#) in the taxable year in which such written notices of allocation are received by him.

Section 5: **Other Dividends.** The Board of Directors shall issue such other dividends as approved by the Board.

Section 6: **Attachment.** The share, to the full extent under Montana law, is exempt from seizure or attachment or sale under execution.

Section 7: **Encumbrances**. Except for “share loans” made by banks, individuals or other financial lending entities, no shareholder may pledge, assign, lien or otherwise encumber their share, or permit or suffer any encumbrance of, all or any part of such share without approval of the Board of Directors. In the event of a violation of the provisions of this Section 7 or a foreclosure or attempted foreclosure of any interest in the shares pledged by a shareholder to any third party, or any attachment, garnishment, assignment, execution, seizure, or any other actual or attempted involuntary taking of the share by or for the benefit of creditors of a shareholder, including any tax authority, the Cooperative Association may purchase the shareholder's stock for the appraised value of the stock, discounted for lack of control and lack of marketability. If the Cooperative Association does not purchase the stock, upon foreclosure or other involuntary taking, if the creditor of the shareholder is not approved by the Board of Directors as a tenant shareholder of the Cooperative Association, all the rights possessed as a tenant shareholder in connection with the transferred stock shall terminate, except for the right to receive distributions of cash and property, if any, made by the Cooperative Association to its non-tenant shareholders.

Section 8: **Death of Shareholder** If the shareholder has not bequeathed or devised their share to a person who meets the qualifications to be a tenant shareholder in the Association, then the heir can sell the share to a qualified shareholder or keep the share as a non-tenant shareholder.

ARTICLE 8:
WAIVER OF NOTICE

Whenever any notice is required to be given to any shareholder or director of the Cooperative Association under the provisions of these Bylaws or under the provisions of Montana law, a waiver, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE 9:
AMENDMENTS

These Bylaws may be altered, amended or repealed and new bylaws may be adopted by the shareholders at any regular or special meeting of the shareholders.

ARTICLE 10:
COOPERATIVE FEE

Section 1: **Cooperative Fee.** Each Shareholder agrees to pay the Annual Cooperative Fee, which is the Shareholder's pro rata share of expenditures by, or financial obligations of the Cooperative including the annual administration and operation of the Cooperative, such as upkeep of the property, requirements of the mortgagor, together with allocations to reserves or an educational fund as established in the Annual Budget (the "Common Expenses").

Section 2: **Cooperative Fee Itemization.** The Cooperative Fee may include, but is not limited to, the following items:

- 1) Cooperative operating expenses and cost of services furnished.
- 2) Necessary reserve and administrative costs.
- 3) Taxes and assessments levied against the Cooperative and its assets, which it is required to pay.
- 4) Premiums and deductibles for general liability insurance and any other insurance which the Cooperative may require.
- 5) The cost of furnishing any utilities, if billed to, and paid by the Cooperative.
- 6) Payments to other reserves and an education fund set up by the Board of Directors.
- 7) Estimated costs of repairs, maintenance, and replacements of Cooperative property to be made by the Cooperative.
- 8) The amount of principal, interest, and any other required payments on any indebtedness of the Cooperative.
- 9) Any other expenses of the Cooperative approved by the Board of Directors, including operating deficiencies, if any, for prior periods.

Section 3. **Amount and Timing of Cooperative Fee.** The Board shall determine the amount of the Cooperative Fee on an annual basis and bill it monthly, but may do so at more frequent intervals should circumstances so require. No shareholder shall be charged with more than the appropriate share determined by the Board. That amount of the Cooperative Fee required for payment on the principal of mortgage of the Cooperative or any other capital expenditures shall be credited upon the books of the Cooperative as a capital contribution by the shareholders. Payment is due upon receipt of invoice from the Cooperative.

Section 4: **Late Charges and Interest.** In addition to all other sums due or to become due under this agreement, shareholders shall pay to the Cooperative a late charge, not to exceed \$50, at any time payment of a Cooperative Fee, or part thereof, is more than 30 days late. This late fee may be waived, depending on the circumstances and at the discretion of the Board. Payments made more than 30 days late shall accrue interest at the rate of 5% per annum.

Section 5: **Liens.** Every assessment made against any shareholder pursuant to these-Bylaws, including, but not limited to the Cooperative Fee, is a lien against the stock of the shareholder, which lien shall be effective as of the date such assessment is made. Any Officer may file or record such other or further notice of such lien or such other document with respect thereto as may be required by law to confirm the establishment and priority of such lien. The lien for assessments may be enforced and foreclosed in any manner provided by law by any proceeding in the name of the Cooperative, or by any Officer(s) acting on behalf of the Cooperative.

ARTICLE 11:

Clarification of Terms

This section contains some terms that new cooperative shareholder may not be familiar with. Below are listed some clarification of terms within these bylaws. This is not meant to be an exhaustive list but just a few important terms.

Share Holder- In many housing cooperatives the terms “share member” or “member are used. In this document we are using shareholder. The shareholder is the “patron” for patronage refund purposes. Qualified shareholders have a right to occupy one of the dwelling units. They are referred to as tenant shareholders. A shareholder can lose the right to occupy the unit by violating the occupancy agreement. When a tenant shareholder loses their right to occupy the unit, they are referred to as a non-tenant shareholder. Another example of a non-tenant shareholder might be a bank or other financing entity that has foreclosed on a share loan.

Share Loans- In most housing cooperative, shares can be financed through a “share loan”. the share loan is much like a mortgage, only the security is the share itself, not the real estate that the cooperative owns. Share loans are usually made through banks and credit unions. A tenant share holder can often write off the interest on their share loan just like a homeowner writes off their mortgage interest.

Patronage refund - Most cooperatives pay a “patronage dividend” to patrons or members. Many housing cooperatives call this a “patronage refund” instead. There are technical differences. Alameda’s may pay it’s shareholders a patronage refund. It reserves the right to also pay a patronage dividend if appropriate.

Board of Directors- Most large cooperatives have a small Board of Directors that manages it. Alameda’s Cooperative is designed as a small cooperative association where every shareholder sits on the governing board. There is a means from removing someone from the Board with a unanimous decision, if a shareholder really doesn’t wish to serve or can’t serve on the governing board. All shareholders at Alameda’s Cooperative automatically sit on the governing board and are expected to participate.

Dwelling Unit- There are 9 one bedroom units being made available for tenant shareholders to occupy. The shareholder does not “own” their unit, just the right to occupy it for as long as they remain shareholders and abide by the occupancy agreement. Dwelling units are chosen on a first come, first served basis. If a tenant shareholder choses not select a unit, one will be assigned.

CERTIFICATE

We, the undersigned shareholders, do hereby certify that we have adopted the foregoing as the Bylaws of the Cooperative Association and direct that the Bylaws be inserted and kept in the corporate record book of the Cooperative Association.

DATED February 18, 2015.

Liam C Devlin
